

610-929-3601

*Bradley A. Bingaman, Esq.*  
(610) 921-6203  
(610) 939-8655 (Fax)

March 23, 2010

VIA OVERNIGHT UNITED PARCEL SERVICE

**RECEIVED**

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

MAR 23 2010

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

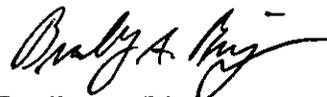
**Re: Policy Statement in Support of Pennsylvania Solar Projects  
Docket No. M-2009-2140263**

Dear Secretary McNulty:

Enclosed for filing are an original and sixteen (16) copies of Reply Comments of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company pursuant to the Commission's Proposed Policy Statement in the above-captioned docket.

Please date stamp the additional copy and return it to me in the enclosed, postage-prepaid envelope. Please contact me if you have any questions regarding this matter.

Very truly yours,



Bradley A. Bingaman

dIm  
Enclosures

c: As Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Policy Statement in Support of** : **Docket No. M-2009-2140263**  
**Pennsylvania Solar Projects** :

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**REPLY COMMENTS OF METROPOLITAN EDISON COMPANY,  
PENNSYLVANIA ELECTRIC COMPANY AND  
PENNSYLVANIA POWER COMPANY**

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**I. INTRODUCTION**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

On November 6, 2009, the Pennsylvania Public Utility Commission (“Commission”) adopted a Proposed Policy Statement in support of Pennsylvania Solar Projects. The Commission entered the Proposed Policy Statement Order (“Order”) on December 10, 2009, and the proposed policy statement appeared in the *Pennsylvania Bulletin* on February 6, 2010. Interested parties were invited to submit comments on the proposed policy statement within 30 days and reply comments with 45 days.

Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”) and Pennsylvania Power Company (“Penn Power”) (collectively “the Companies”) submitted Comments on March 8, 2010. In response to several comments submitted by other interested parties, the Companies respectfully submit the following reply comments regarding the proposed policy statement in the above-captioned docket.

**II. REPLY COMMENTS**

First, the Companies wish to offer their support of the reply comments of the Energy Association of Pennsylvania (“EAPA”). The Companies worked with EAPA throughout the

comment and reply comment period and fully support the positions set forth in the EAPA's comments and reply comments.

Second, the Companies support the recommendation by PPL that the proposed policy statement should have a sunset date of three years after its final adoption. The Companies believe that the three-year period will allow sufficient time for the solar market in Pennsylvania to develop. Three years would also be an appropriate time for the Commission to evaluate the need for regulatory involvement to continue fostering the development of the solar market on a going forward basis.

Third, several solar developers, including the Solar Alliance, provided comments and argued that the risks associated with any changes in law should be placed on the utility rather than the solar developer. The Companies strongly disagree that utilities should bear this risk. The Companies are concerned about fulfilling the requirements set forth in the AEPS Act while minimizing costs to customers and maintaining current cost recovery.

Changes in law could potentially result in solar RECs that are obtained in a long-term procurement today, but may no longer qualify to meet any new statutory provisions that could be enacted in the future (e.g., requirements that a certain amount of solar RECs must be produced in Pennsylvania). By appropriately placing that risk on solar developers through an RFP process, the solar developers can weigh that risk and bid qualifying RECs or build contingencies into their supply plan to sell any non-qualifying solar RECs into another market, while obtaining qualifying solar RECs to continue to fill their contractual obligations to the utility.

In fact, Met-Ed and Penelec recently conducted a successful procurement of solar RECs. The contracts associated with this procurement include a provision that places the risks associated with any changes in law on the suppliers of the solar power. This clearly

demonstrates that solar developers are prepared to take the risk associated with any changes in law.

Finally, the Companies agree with the comments of Duquesne Light regarding the posting of performance guarantees and bid securities for smaller solar projects, and they disagree with the Office of Consumer Advocate's position that projects under 15 kW should not have to pay performance or bid securities. The Companies believe that performance guarantees and bid securities are necessary to ensure the proper commitment to the fulfillment of contract obligations. Electric distribution companies must comply with regulations or be subject to significant civil penalties for non-compliance. Inasmuch as every solar contract, regardless of size, is important to the Companies and their customers, the performance and bid securities are appropriately required to prevent breaches of contract.

### III. CONCLUSION

The Companies appreciate the opportunity to provide reply comments on the Commission's proposed policy statement in support of Pennsylvania Solar Projects.

Respectfully submitted,



Bradley A. Bingaman  
Attorney No. 90443  
FirstEnergy Service Company  
2800 Pottsville Pike  
P.O. Box 16001  
Reading, PA 19612-6001  
Phone: (610) 921-6203  
Fax: (610) 939-8655  
Email: [bbingaman@firstenergycorp.com](mailto:bbingaman@firstenergycorp.com)

Dated: March 23, 2010

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SECRETARY'S BUREAU

Counsel for:  
Metropolitan Edison Company,  
Pennsylvania Electric Company and  
Pennsylvania Power Company

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Policy Statement in Support of** : **Docket No. M-2009-2140263**  
**Pennsylvania Solar Projects** :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by overnight United Parcel Service, as follows:

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

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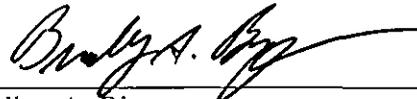
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Service by electronic mail, as follows:

Scott Gebhardt  
Energy Program Specialist  
[sgebhardt@state.pa.us](mailto:sgebhardt@state.pa.us)

Kriss Brown, Esq.  
Assistant Counsel  
Law Bureau  
[kribrown@state.pa.us](mailto:kribrown@state.pa.us)

Dated: March 23, 2010



Bradley A. Bingaman  
Attorney No. 90443  
FirstEnergy Service Company  
2800 Pottsville Pike  
P.O. Box 16001  
Reading, Pennsylvania 19612-6001  
(610) 921-6203  
[bbingaman@firstenergycorp.com](mailto:bbingaman@firstenergycorp.com)

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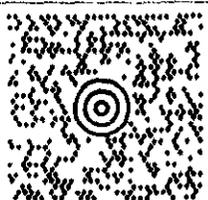
GLENN A. COLDREN  
(610) 921-6633  
AE-1440  
2800 POTTSVILLE PIKE  
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JAMES J. MCNULTY, SECRETARY  
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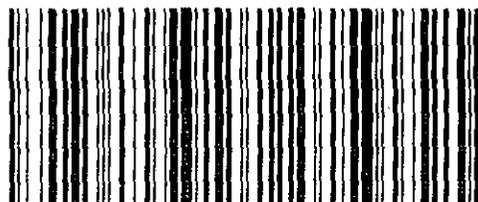
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